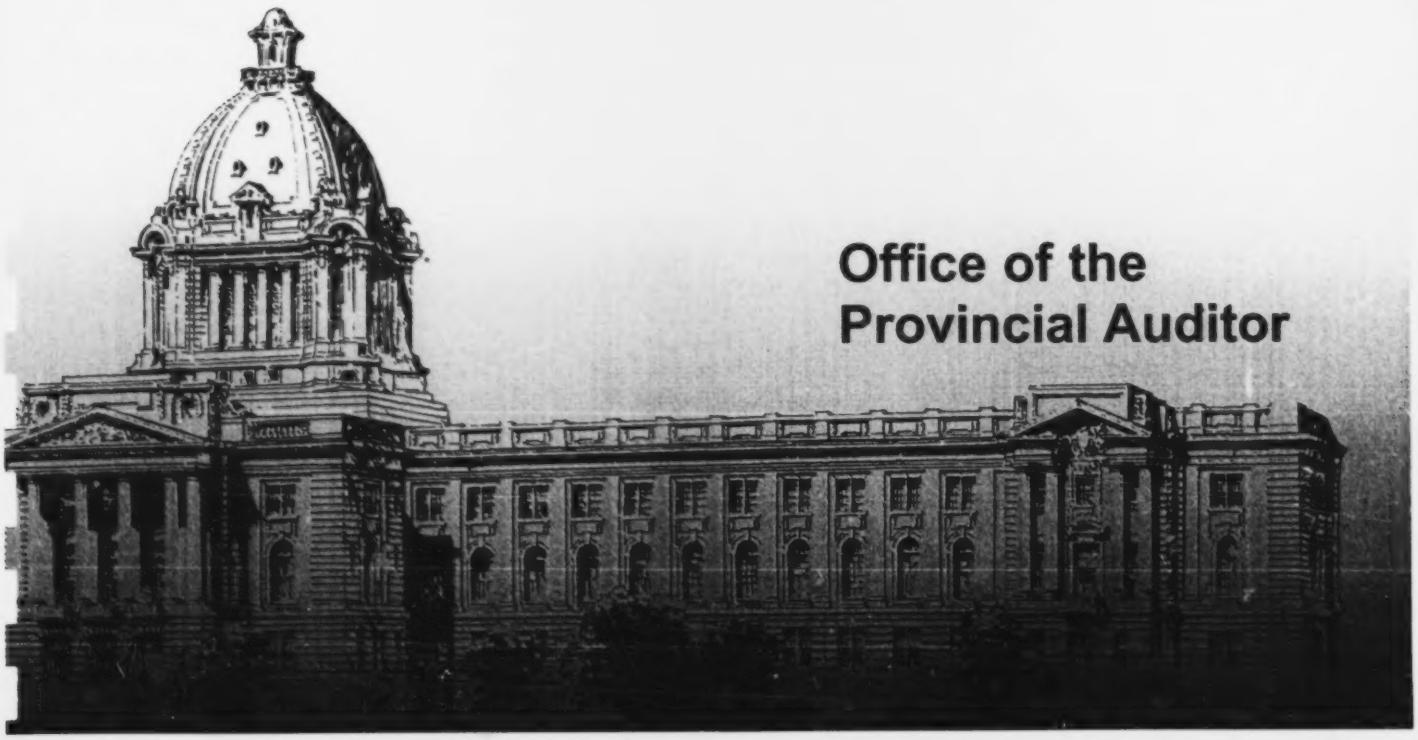
SASKATCHEWAN



Office of the Provincial Auditor

Business and Financial Plan

For the Year Ended March 31, 2010

As Presented to the
Standing Committee on Public Accounts

November 2008

Provincial Auditor Saskatchewan

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Vision

We envision effective, open, and accountable government.

Mission

We serve the people of Saskatchewan through the Legislative Assembly by fostering excellence in public sector management and accountability.

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November 27, 2008

The Honourable D. Toth
Speaker of the Legislative Assembly
Room 129, Legislative Building
REGINA, Saskatchewan
S4S 0B3

Dear Sir:

I have the honour of submitting my *Business and Financial Plan for the Year Ended March 31, 2010*, to be laid before the Legislative Assembly in accordance with the provisions of Section 14.1 of *The Provincial Auditor Act*.

Respectfully yours,

Fred Wendel, CMA, CA
Provincial Auditor

/dd

Our Business and Financial Plan

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Glossary

Estimate – Future-oriented financial information prepared using actual results where available and assumptions all of which reflect the entity's planned course of action for the period covered given management's judgement as to the most probable set of economic conditions.

Forecast – Future-oriented financial information prepared using assumptions that reflect the entity's planned courses of action for the period given management's judgement as to the most probable set of economic conditions (CICA Handbook).

Projection – Future-oriented financial information prepared using assumptions that reflect the entity's planned courses of action for the period given management's judgement as to the most probable set of economic conditions, together with one or more hypotheses that are assumptions which are consistent with the purpose of the information but are not necessarily the most probable in management's judgement (CICA Handbook).

2009-2010 Funding Request

Funding request

Our Office asks the Standing Committee on Public Accounts to recommend to the Legislative Assembly an appropriation for the operation of the Office of $6.985 million for 2009-10 and a contingency appropriation of $463 thousand. These appropriations will enable our Office to fulfill the statutory duties under *The Provincial Auditor Act*.

As required by *The Provincial Auditor Act*, we present our estimates, supported by our business and financial plan, to the Standing Committee on Public Accounts. In Appendix I, we set out the estimates for 2009-10 in the format the Legislative Assembly expects. These estimates include an amount for unforeseen expenses as expected by the Act.

Appropriation

Our funding request is an increase of $308,000 (4.6%) over our 2009 funding request. A number of factors affect costs for our Office. For 2010, the key factors are the number of government agencies, the employment market for auditors, and the transition to International Financial Reporting Standards (IFRS) for some of the government agencies.

The Provincial Auditor Act requires us to audit all government agencies. Each year, our business and financial plan includes the estimated impact on audit costs of the creation and windup of agencies. In 2009, the Government created several new agencies and wound up others. The estimated increase on audit costs is $51,000 (see page 38 for details). Also, the government decided to have appointed auditors for the Saskatchewan Indian Gaming Authority and the Saskatchewan Gaming Corporation. This decision decreases our costs by $199,000.

The job market for professional auditors and auditors training to become professionals continues to be strong. To maintain our ability to recruit and retain employees, our Office must offer reasonable salaries and benefits based on market conditions within both the public and private sectors.

For April 1, 2009, we included a 4.5% general salary increase. This increase reflects increases authorized by the Government for its employees. This general salary adjustment increases our salary and benefit costs by $237,000.

In 2008, salaries to recruit employees at our two universities increased 5.6%. This affects our salary structure and increases our salary and benefit costs by $40,000.

Our Office is also impacted by The Canadian Institute of Chartered Accountants' decision to move to IFRS for "publicly accountable enterprises". These new standards will be used by some government agencies. We anticipate our audit and training costs will increase by approximately $179,000 as a result of the transition to IFRS.

The strong job market for professional auditors and changes to auditing and accounting standards also affect appointed auditors' fees. The fees paid to audit six significant Crown agencies increased by 21% from 2007 to 2008.

We explain the many other factors that affect our funding request in this business and financial plan.

Contingency appropriation

The Legislature amended *The Provincial Auditor Act* in June 2001. The amended Act changes how we finance our operations. Previously, we maintained net financial assets equal to approximately one month's salary and benefit expenses. We used this money to finance short-term revenue shortfalls caused by responding to unplanned work, pressure to improve the timeliness of our work, and unplanned salary and benefit increases. This practice enhanced our independence by providing the resources necessary to manage effectively unforeseen circumstances.

The amended Act requires the Provincial Auditor to return all unspent money at the end of the year to the General Revenue Fund. This practice is known as "lapsing appropriations". To enable the Provincial Auditor to retain the independence to manage effectively the Standing Committee on Public Accounts recommended that the amended Act provide for the Provincial Auditor to obtain an extra appropriation each year. The amended Act provides for a contingency appropriation for unforeseen expenses.

Our funding request includes a contingency appropriation of $463,000. This contingency appropriation approximates our previous net financial asset target of one month's salary and benefits.

Independent assurance on our funding request

When the Board of Internal Economy considered our 1999 Business and Financial Plan, the Board asked us to suggest ways the Board could obtain independent advice to help it assess our future requests for resources. We suggested that the auditor Cabinet hired to audit our Office should provide assurance to the Board that our funding request (financial forecast) is reasonable to carry out our operating plan (i.e., our goals and objectives).

For the eleventh year, we include our audited financial forecast. The auditor's report is on page 27. The auditor reports that our financial forecast is consistent with and reasonable in relation to our operating plan.

We also include our financial forecast prepared on the expense basis of accounting. This financial forecast will enable a comparison to our actual financial results when we publish our annual report on operations. Our annual report on operations began using the expense basis of accounting for the year ended March 31, 2000.

Introduction

The Legislative Assembly sets out the accountability process for our Office in *The Provincial Auditor Act*. This process requires the Provincial Auditor to submit two key reports to the Assembly: an annual business and financial plan and an annual report on operations.

The report on operations must include a summary of the Office's operations and audited financial statements for the preceding year. The Legislative Assembly received our *Annual Report on Operations For the Year Ended March 31, 2008* on June 10, 2008. The Report contains information to help Members assess our effectiveness. We describe our performance in achieving our goals and objectives. We compare what we told the Assembly we planned to do in our 2008 Business and Financial Plan with what we actually did.

The accountability process also requires the Provincial Auditor to submit a business and financial plan to the Assembly each year. The business and financial plan must include the Office's planned operations and its planned revenues and expenses for the year.

Our 2010 Business and Financial Plan includes our goals and objectives, strategies and action plans, and our indicators of success. It also includes our audited financial forecast and a schedule of planned and actual costs to audit government agencies. Because salaries and benefits account for nearly 80% of our spending, we include a schedule showing our actual and planned use of employees' time for five years.

As required by law, we present our business and financial plan directly to the Assembly. This way, Members of the Legislative Assembly can review our plans before we appear at the Standing Committee on Public Accounts. This process allows Members the opportunity to advise the Committee on the relevance of our planned work.

We prepare our business and financial plans using sound reporting practices. We based our practices on The Canadian Institute of Chartered Accountants *Statement of Recommended Practice (SORP-2) Public Performance Reporting* published in September 2006.

Context

Independence

The Provincial Auditor Act creates an independent Officer of the Legislative Assembly called the Provincial Auditor. The Act gives the Provincial Auditor the responsibility to audit all government agencies and report the results of the audits to the Legislative Assembly.

The Act ensures that the Provincial Auditor is independent from elected and appointed officials including the Assembly's committees and boards. The Standing Committee on Public Accounts, an all-party committee that does not include cabinet ministers, unanimously recommends the Provincial Auditor for appointment by the Legislative Assembly for a 10-year term. The Act sets the Provincial Auditor's salary and benefits. A resolution of the Legislative Assembly is required to remove the Provincial Auditor from office. The Standing Committee on Public Accounts recommends the amount of resources for the Provincial Auditor's Office. The Provincial Auditor decides which employees to hire, what audit work needs to be done, and how the work is carried out. Also, the Office's policies require all employees to confirm annually whether they have any relationships with the Government that could be perceived to affect their independence and objectivity.

Who we serve

The Office of the Provincial Auditor helps the Legislative Assembly hold the Government accountable for how it manages public resources. Our Office examines the Government's management of public resources and reports its findings to the Assembly.

What we do

Our vision

We envision effective, open, and accountable government.

Our mission

We serve the people of Saskatchewan through the Legislative Assembly by fostering excellence in public sector management and accountability.

Our mission shapes what we do and how we respond to key economic, political, social, and technological forces affecting those we serve.

How we carry out our mission

To fulfill our mission, we provide independent assurance (audit reports) and advice on the Government's management of and accountability practices for the public resources entrusted to it. We support and adhere to the accounting and assurance standards recommended by The Canadian Institute of Chartered Accountants. In particular, we provide the following services:

- We advise the Legislative Assembly on:
  - the reliability of the Government's public performance reports
  - the Government's compliance with legislative authorities
  - the adequacy of the Government's management of public resources
- We encourage discussion and debate about public sector management and accountability issues.
- We assist the Standing Committees on Public Accounts and Crown and Central Agencies.
- We develop professionals for public service.

Our reports

We report our assurance and advice to the Assembly and the Government. At the end of each audit, we report our assurance and advice to government officials. We provide assurance by way of reports on financial statements, compliance with authorities, and the adequacy of management systems and practices. We provide advice and assurance by way of letters to management setting out our conclusions, findings, and recommendations for improvement.

We also provide assurance and advice to the Legislative Assembly and the public in our annual reports to the Assembly. These reports summarize our work at government agencies. They provide assurance and advice on the whole Government, sectors of the Government, and on each government agency's financial statements, the agency's compliance with authorities, and the adequacy of the agency's management systems and practices.

We decide what matters to report in the context of the following questions:

- Does the matter affect the Assembly's ability to control the financial activities of the Government?
- Does the matter affect the Assembly's ability to hold the Government accountable for how it administers public money?
- Does the matter involve improving how the Government administers public money?
- Does the matter involve non-compliance with legislative authorities?

When an agency's financial statements, compliance with authorities, and processes to safeguard public resources are satisfactory, we also report that information to the Government and to the Legislative Assembly.

Our key outputs and expected outcomes

Exhibit 1 shows the outputs and expected outcomes of our work. We have three primary outputs. These are assurance (audit reports), advice (recommendations), and trained professionals for public service.

As shown in Exhibit 1, our assurance and advice result in two final outcomes. These outcomes are improved public confidence in government and improved performance in the delivery of government programs.

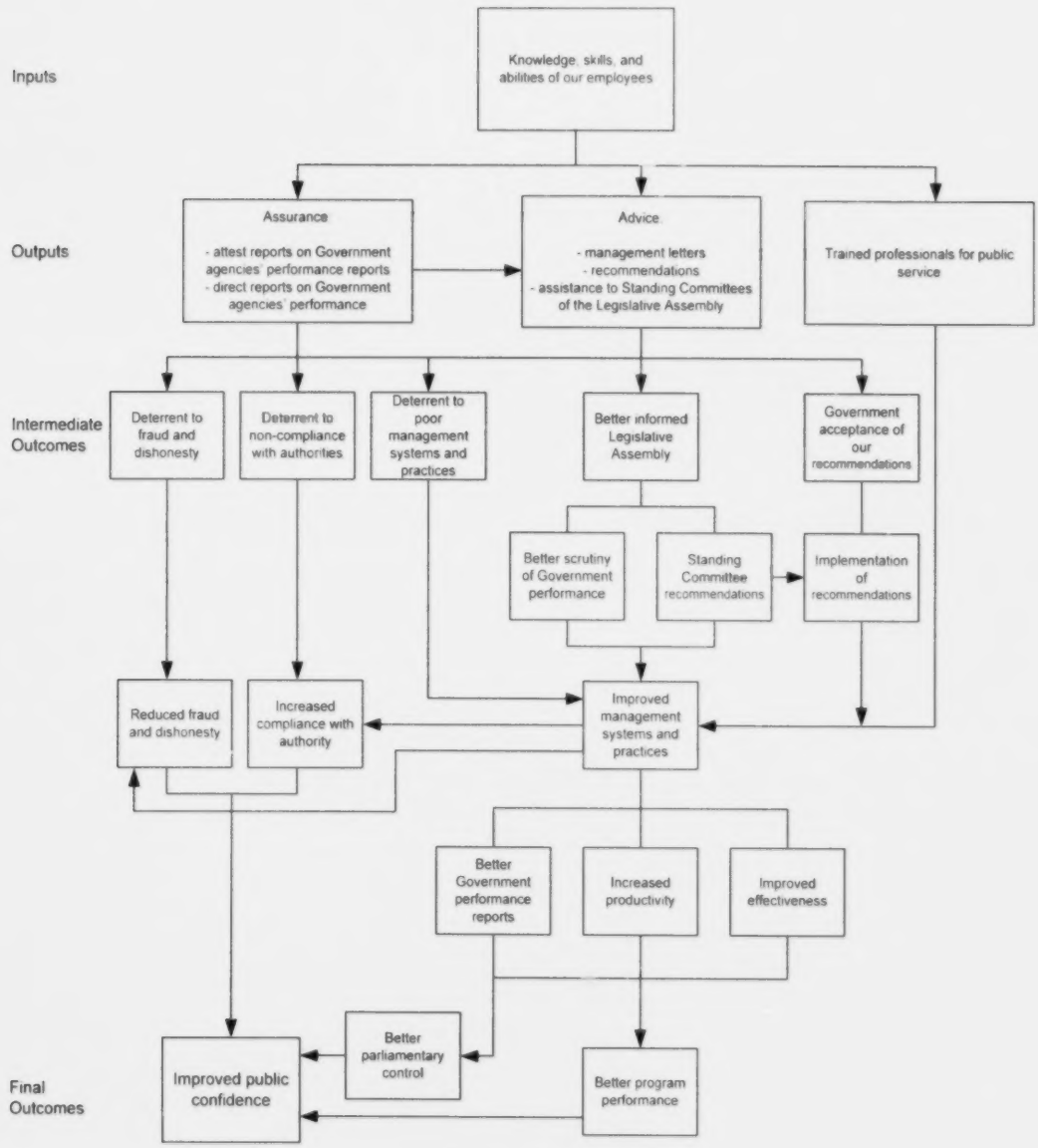
For our parliamentary system of government to work properly, the system must enjoy public confidence. To merit this confidence, government programs must be effective and the Government must be open and accountable.

Our work and reports directly affect public confidence in the Government. They provide the public with confidence that the Government's public performance reports are reliable, it uses adequate processes to safeguard public resources, and it has complied with governing authorities.

One important responsibility of the Legislative Assembly is to hold the Government accountable for its management of public resources. By providing relevant, reliable, and timely reports, we help the Assembly to carry out this responsibility.

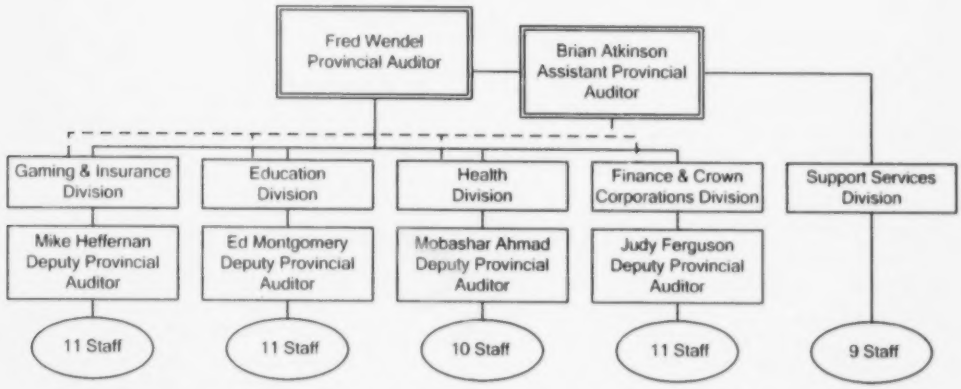
Our work and reports call for public accountability for government operations and sound management. They contribute to informed decision making in government and business-like processes. In turn, this helps the Government carry out its responsibility to use sound management practices.

Exhibit 1—What We Do and the Impact of Our Work



Our organization

The following diagram shows our planned organization for 2009-10.



Our Gaming and Insurance Division's responsibilities include examining the Government's gaming, insurance, pension, and resource management programs. The Government earns approximately $2 billion annually from non-renewable resources. Also, the Government's pension liabilities total over $7 billion. Pension and insurance liabilities require our staff to acquire knowledge to understand the methods used by actuaries and the accounting practices in these industries. Gaming operations (casinos) and resource management also require our staff to understand the unique risks in these industries.

Our Education Division's responsibilities include examining the Government's education, training, labour, telecommunications, and infrastructure programs. The education sector (including early childhood development, pre-kindergarten to grade 12 education, technical training, post-secondary education, and provincial libraries) spends over $2 billion annually. In addition, the Government has over $10 billion invested in infrastructure. The Division is also responsible for our government-wide information technology audits.

Our Health Division's responsibilities include examining the Government's programs related to health (including regional health authorities), justice, welfare (including child and family services), and distribution of natural energy for home heating gas. Total public spending on health and welfare for the year ended March 31, 2008 was $4.3 billion. Auditing the delivery of health care and welfare services requires our staff to understand risks associated with these programs. The Division also coordinates our work to encourage the Government's efforts in moving to a public accountability system focused on results.

Our Finance and Crown Corporations Division's responsibilities include examining the Government's provincial taxation, debt management, transportation, agricultural, and power production and transmission programs. It also leads the audits of the Government's summary financial statements and Crown Investments Corporation of Saskatchewan.

Our Support Services Division's responsibilities include administration, human resources, research, methodology, training, secretarial, clerical, and information technology.

During 2010, our Office expects to employ 58 people. At October 31, 2008, 29 of our employees are professional accountants. Eighteen are training to become professional accountants.

Our employees are our most valuable resource because "what we do" depends on their knowledge and skills. Creating and maintaining an environment that encourages ongoing learning is crucial to our success.

Our competencies

Our knowledge, skills, and abilities affect what we do for the public, the Legislative Assembly, and the Government. We apply the following special competencies and experience to our work and reports:

- objectivity, because of our full independence from the Executive Government

- thorough knowledge of the:
  - complex structure and systems the Government uses to manage public resources
  - structure of legislative authorities governing the activities of government agencies related to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing
  - audit of information systems
  - accounting and assurance standards recommended by The Canadian Institute of Chartered Accountants

- working knowledge of the issues facing government agencies operating in diverse types of businesses including education, health, insurance, protection of people and property, pension and benefit plans, energy, telecommunications, gaming, transportation, renewable resources, non-

renewable resources, human resources, construction, and financial services

- a business view derived from rigorous professional training that we blend with our practical knowledge of public administration

Risk management

Sound risk management is essential for us to help the Legislative Assembly hold the Government accountable for its management of public resources. To manage risk, we must identify, assess, and reduce possible adverse consequences the Office may experience from events or circumstances.

We routinely identify and assess our risks. We have established processes to reduce to an acceptable level the likelihood that our risks will have adverse consequences on our ability to carry out our duties under *The Provincial Auditor Act*. We accept some degree of risk because it is not cost effective to eliminate all risks.

In our 2008 Annual Report on Operations, our auditor reported that our Office had adequate processes to safeguard public resources entrusted to it by the Assembly. We have not made significant changes to our systems and practices since that audit. Each year, we include our auditor's report on our systems and practices in our annual report on operations.

The following are our key risks.

Our stakeholders do not support our goals and objectives. For the Office to remain viable, legislators, the public, and government officials (our stakeholders) should support our goals and objectives. Pursuing our goals and objectives must result in relevant assurance (audit reports) and advice for our stakeholders. We have established processes so that we set goals and objectives that will result in relevant assurance and advice for our stakeholders.

The Government does not act on our recommendations. Doing independent, reliable, and relevant work at a reasonable cost is vital to our Office's success. These attributes are also essential for our stakeholders to value our advice. We must understand the challenges that the Government faces. Also, our advice must help improve program performance. We have established processes so that our assurance and advice is independent, relevant, reliable, and cost effective.

We do not adequately understand or respond to the challenges and risks faced by our stakeholders. If our assurance and advice is to be reliable, we must understand the challenges and risks faced by the Government. How the Government manages its risks affects the nature and extent of work we must do to report to the Assembly.

We must also understand the challenges and risks faced by legislators and the public if our assurance and advice is to be relevant. To be relevant, our assurance and advice should result in better parliamentary control over government activities and better program performance. We have established processes to set goals and objectives that enable us to understand the challenges and risks faced by our stakeholders.

The Standing Committees on Public Accounts and Crown and Central Agencies are unable to fulfill their responsibilities. Our Office must provide assurance and advice that is consistent with the Committees' objectives.

The Standing Committee on Public Accounts is the audit committee for the Legislative Assembly. The Committee is a key agent of change for improving the Government's management of public resources. The Committee's mandate is to help the Legislative Assembly hold the Government accountable for its spending of taxpayers' money and its stewardship over public resources. The Committee reviews and evaluates the activities of government departments and Crown agencies. The Committee works with the Provincial Auditor to carry out the Committee's mandate.

The Standing Committee on Crown and Central Agencies helps the Legislative Assembly hold the Government accountable for its management of public resources. The Committee considers matters relating to the Crown Investments Corporation of Saskatchewan and its subsidiaries, supply and services, central agencies, liquor, gaming, and all other revenue related agencies and entities. Beginning in 2001, the Assembly referred the parts of our reports that relate to the Crown Investments Corporation of Saskatchewan (CIC) and its subsidiaries to the Committee for review. During those reviews, the Committee works with the Provincial Auditor to carry out the Committee's mandate.

We have established processes to provide independent, relevant, and reliable information that is consistent with the Committees' objectives.

We lose or stakeholders perceive that we have lost our independence. *The Provincial Auditor Act* makes our Office responsible to examine all public resources managed by the Government and the Legislative Assembly (e.g.,

Board of Internal Economy). The Act makes our Office independent of appointed and elected officials so that we can administer the Act without the risk of intimidation.

We carefully guard our independence and report to the Assembly when we are concerned about our independence. Also, we have established processes to maintain objectivity and independence in our work for the Legislative Assembly.

We provide inappropriate or incorrect assurance and advice. Stakeholders must trust and value our assurance (audit reports) and advice. Gaining and keeping their trust is essential for the viability of the Office. We have established processes to ensure that our work is reliable.

We do not have the required competencies and resources. The quality of our work is dependent on the knowledge, skills, and abilities of our employees. We have training programs to enable our employees to acquire the competencies we discuss on page 14.

To discharge our statutory duties, we need sufficient resources to employ the required competent people. We also need sufficient resources to equip, support, and house our employees. We need the support of legislators to obtain the required resources. To gain this support, we have established processes to ensure that our work is relevant to legislators and reliable. Also, we publish a business and financial plan and an annual report on operations to build legislators' support for our request for resources.

We do not manage our resources effectively. Our management practices must promote the effective use of our resources. We have established processes to keep the risk of not doing so at a minimum. Our major input cost to provide our services is salaries and benefits. Salaries and benefits account for nearly 80% of our spending. We carefully monitor the use of staff time. Page 41 shows the actual and planned use of employees' time for five years.

What We Plan To Do

Our goals and objectives

We have three goals:

- Foster well-managed Government
- Encourage meaningful reporting by Government
- Manage our business effectively

Exhibit 2 sets out our goals and objectives. On pages 45 to 59, we set out a summary of our strategic plan for 2009 to 2011 including our goals, objectives, general strategies, and action plans.

Exhibit 2—Our Goals and Objectives

Goal 1 – Foster well-managed Government

Objectives:

1.1 Our stakeholders value our assurance and advice to strengthen the Government's accountability to the Assembly.

1.2 Our stakeholders value our assurance and advice to strengthen the Government's processes to achieve intended results.

Goal 2 – Encourage meaningful reporting by Government

Objectives:

2.1 The Government provides useful summary plans and results to the Assembly.

2.2 Significant agencies provide useful plans and results to the Assembly.

2.3 Our stakeholders value our timely assurance and advice on the Government's reports on plans and results.

Goal 3 – Manage our business effectively

Objectives:

3.1 Our stakeholders understand and value what we do.

3.2 We continuously improve our work.

3.3 We embrace our guiding principles.

Our guiding principles

Our Office is committed to earning the respect and confidence of legislators, the public, government officials, and our professional colleagues. Our guiding principles help us meet this objective. The following principles guide us:

Accountability – We actively take responsibility for achieving positive results and explaining our performance.

Balance – We support the balance between work, home, and community responsibilities.

Independence – We maintain our objectivity in all our work.

Innovation – We seek better ways to achieve results and foster continuous learning.

Integrity – We work in a professional, honest, courteous, and fair manner.

Leadership – We lead by example and encourage open communication and teamwork.

Factors affecting our work plan

Our work plan for 2010 enables us to fulfill our duties under *The Provincial Auditor Act*. The Act sets out the agencies we must examine.

We set out our detailed work plan for 2010 at pages 33 to 35. It shows the costs to audit and report on government agencies for our fiscal year ended March 31, 2010 and comparative information. The work plan reflects our goals and guiding principles. It also reflects known information about the following factors at October 31, 2008:

- the 2009 level of government revenues and spending
- the number of government agencies in 2009
- the quality of the Government's records, systems, and practices
- the Government's use of appointed auditors
- professional standards
- the co-operation we expect to receive from government officials and appointed auditors when we do our work
- the public's expectations

At October 31, 2008, the Government manages 279 agencies. Many of these agencies use appointed auditors.

It is the Government's decision to use appointed auditors. The Government has stated that it uses appointed auditors so the Saskatchewan public accounting industry can develop and retain local expertise. The Government is accountable for the costs of using appointed auditors and, therefore, our financial plan does not reflect these costs. However, our detailed work plans reflect the known use of appointed auditors because it affects our costs and the way we carry out our work. The use of appointed auditors reduces our costs but increases the total cost of auditing to taxpayers. It costs more to audit when there are two auditors. Page 70 sets out the total costs to audit government agencies for the last five years.

When the Government appoints a second auditor, we follow the recommendations of the *Task Force on Roles, Responsibilities, and Duties of Auditors* (the document is available on our website). Following these recommendations will ensure that we serve the Assembly efficiently.

Forces and trends affecting our work plan

Forces and trends also affect our work plans. Six major forces and trends affect our stakeholders (i.e., legislators, the public, and government officials). They also shape our work.

Advancing technology – making possible new ways of communicating and providing services, quicker and often at less cost, but requiring attention to security and loss of privacy.

Changing demographics – an aging population, a growing Aboriginal population, the depopulation of rural Saskatchewan, and increasing retirements.

Economic constraints – increasing demand for government services and continued demand for lower taxes.

Globalization – a highly integrated and interdependent world with an increasingly mobile skilled workforce, strong international competition, and global standards.

Pressure on the environment – the sustainability of our environment balanced with the need for long-term economic activity.

Governance – the need for increased public confidence in government agencies and the increased expectation for public consultation in decision-making processes.

These forces and trends have increased the public's expectations. For example, current technology gives the public more accessible information and knowledge about services and taxes in other jurisdictions. Changes in demographics will result in increased demands for services (e.g., health care). The Government's ability to manage scarce public resources and meet the public's increased expectations impacts public attitude.

In Saskatchewan, these forces and trends are straining public resources and are causing stakeholders to re-examine the role of the Government, that is, how it organizes, delivers services, and ensures adequate participation in decision making.

Our focus

We plan to focus our efforts on helping our stakeholders address the challenges emerging from these forces and trends as well as several more specific issues. In particular, we will encourage the Government to address the following challenges:

- Report on how it manages the risks related to advancing technology, changing demographics, economic constraints, globalization, and pressure on the environment

- Improve its management of risks for effective service delivery related to public sector human resources, the environment, and the public's valuable infrastructure including information technology

- Improve governance processes for better management of public resources

- Strengthen its management of complex accountability relationships with non-government organizations (e.g., service agreements with community-based organizations, public private partnerships)

- Improve the quality of information provided to legislators on the plans and results of the overall Government and each of its agencies including Crown corporations

Indicators of success

We measure our success by monitoring six general indicators. These indicators relate to key outcomes that we plan to achieve through accomplishing our goals and objectives.

1. **Our stakeholders value our assurance and advice.** (goal 1, objectives 1 & 2)

   - The Government acts on 80% of those recommendations that are more than one year old that do not involve major changes.
   - The Government acts on 80% of those recommendations that are more than five years old that involve major changes.
   - The Standing Committees on Public Accounts and Crown and Central Agencies accept 90% of our recommendations that they consider.

2. **The Government and its agencies provide useful plans and results to the Assembly.** (goal 2, objectives 1 & 2)

   - The Government's 2011 performance plan summary has improved when compared to our assessment of the 2009 plan.
   - In 2011, 70% of significant agencies publicly report their financial and operating results compared to their targets including information on their key risks and how they manage those risks.

3. **The Assembly receives our timely assurance on the Government's reports on plans and results.** (goal 2, objective 3)

   - Our work is reported by established deadlines and within the planned costs set out in our Business & Financial Plan.

4. **Our stakeholders understand and value what we do.** (goal 3, objective 1)

   - The Government acts on 80% of those recommendations that are more than one year old that do not involve major changes.
   - The Government acts on 80% of those recommendations that are more than five years old that involve major changes.
   - The Standing Committees on Public Accounts and Crown and Central Agencies accept 90% of our recommendations that they consider.
   - Our work is reported by established deadlines and within the planned costs set out in our Business & Financial Plan.
   - Post audit questionnaires indicate a positive trend in satisfaction with our work.
   - Our auditor reports publicly and positively on our performance (e.g., our financial statements, our compliance with *The Provincial Auditor Act*, the adequacy of our financial controls, and the reliability of one additional key non-financial performance indicator per year).

5. **We continuously improve our work.** (goal 3, objective 2)

   - Our staff time is used as set out in our Business and Financial Plan.
   - Post audit questionnaires indicate a positive trend in satisfaction with our work.
   - Our pass rates for students in professional accounting programs exceed national averages each year.
   - Positive reports from the Institute of Chartered Accountants of Saskatchewan on our work.
   - Positive CCOLA Peer Review reports on our work.
   - Our work is reported by established deadlines and within the planned costs set out in our Business & Financial Plan.
   - The Standing Committees on Public Accounts and Crown and Central Agencies accept 90% of our recommendations that they consider.

6. **We maintain a positive healthy work environment.** (goal 3, objective 3)

   - Our corporate culture surveys indicate a positive trend in our working environment.

Historical comparison of the costs of our work plans

Table 1 is a summary of costs to carry out our detailed work plans. The Table shows a five-year summary comparison of costs to discharge our duties under *The Provincial Auditor Act*.

Table 1

(in $ millions)

Work Plan Costs Our Costs to Audit Each Government Agency for Our Fiscal Years Ended March 31 as at September 30, 2008				
2007 Actual	**2008 Actual**	**2009 Planned**	**2010 Planned**	**2011 Planned**
5.851	5.960	6.677	6.985	6.985
	(Details on pages 33 to 35)			(Details to be determined in 2009)

The cost to carry out our work plan shows differences between years. Our annual reports on operations for 2007 and 2008 contain detailed explanations about our planned and actual costs.

Our funding request on page 5 explains the differences between our 2009 and 2010 planned costs to audit government agencies.

On pages 33 to 37, we compare our detailed work plans for the years 2007 to 2010. We explain differences between years on these pages.

The 2011 work plan costs in Table 1 reflect our performance target for 2011. We plan to absorb inflationary increases except for general salary and benefit increases that the Government gives to public servants. This cost projection also assumes that the number of government agencies, the quality of their management systems and practices, the use of appointed auditors, professional standards, and total Government revenues and expenses will remain constant.

Impact of alternative funding levels

If we do not obtain sufficient revenue from the Standing Committee on Public Accounts, we will have to reduce our staff. We will then not be able to carry out our work plan.

We use a risk-based model to set priorities and allocate resources for our work plan. The model uses criteria to guide us in assessing the impact of each audit on our overall ability to serve the Legislative Assembly.

Our decisions reflect that we must provide assurance on the Government's main financial statements. We must also provide assurance on the adequacy of the Government's management of public resources and its compliance with the law. If we are unable to obtain sufficient revenue, we will provide less service by not auditing certain agencies in the following sequence:

- revolving and other special purpose funds
- agricultural marketing boards and commissions
- certain CIC related Crown corporations

When we do not examine Government agencies, the Assembly does not receive our assurances on the Government's financial statements, its compliance with governing authorities, and the adequacy of its management of public resources.

If necessary, we will report to the Legislative Assembly which Government agencies we were unable to audit. When this is necessary, we are concerned with the impact this message has on public confidence in our system of Government.

Supporting Reports and Schedules

Management's Responsibility for the Financial Forecast

The accompanying financial forecast consisting of a statement of revenue and expenditure included in the Business and Financial Plan for the Office of the Provincial Auditor for the year ending March 31, 2010 is the responsibility of management of the Office. Management has prepared the financial forecast in accordance with generally accepted accounting principles in Canada. The financial information presented elsewhere in this Business and Financial Plan is consistent with that in the financial forecast.

To ensure the integrity and objectivity of the financial data, management maintains an appropriate code of conduct, a comprehensive system of internal controls including written policies and procedures, and an organizational structure that segregates duties. These measures provide reasonable assurance that the most probable set of economic conditions are reflected in the assumptions the Office developed to prepare the financial forecast. These measures also provide reasonable assurance that the assumptions are suitably supported and consistent with the goals and plans developed by the Office, and provide a reasonable basis for the forecast.

The financial forecast was audited by Virtus Group LLP. Their report to the Standing Committee on Public Accounts stating the scope of their examination and opinion on the financial forecast appears on page 27.

November 21, 2008
Regina, Saskatchewan

Fred Wendel, CMA, CA
Provincial Auditor

AUDITORS' REPORT ON FINANCIAL FORECAST

To the Standing Committee on Public Accounts:

The accompanying financial forecast of the Office of the Provincial Auditor consisting of a Statement of Revenue and Expenditure for the year ending March 31, 2010 has been prepared by management using assumptions with an effective date of October 31, 2008. We have examined the support provided by management for the assumptions, and the preparation and presentation of this forecast. Our examination was made in accordance with the applicable Auditing Guideline issued by The Canadian Institute of Chartered Accountants. We have no responsibility to update this report for events and circumstances occurring after the date of our report.

In our opinion:

- as at the date of this report, the assumptions developed by management are suitably supported and consistent with the plans of the Office, and provide a reasonable basis for the forecast
- this forecast reflects such assumptions
- the financial forecast complies with the presentation and disclosure standards for forecasts established by The Canadian Institute of Chartered Accountants

Since this forecast is based on assumptions regarding future events, actual results will vary from the information presented and the variances may be material. Accordingly, we express no opinion as to whether this forecast will be achieved.

Virtus Group LLP

November 21, 2008
Regina, Saskatchewan

CHARTERED ACCOUNTANTS

Statement of Revenue and Expenditure
For the Years Ended March 31

	2007 Actual	2008 Actual	2009 Estimate	2010 Forecast (Note 4)	2011 Projection
			($ Thousands)		
REVENUE:					
General Revenue Fund					
- Appropriation	5,695	6,124	6,677	6,985	6,985
- Contingency Appropriation (Note 9)	359	392	438	463	463
Other	27	26	21	12	12
Total Revenue	6,081	6,542	7,136	7,460	7,460
EXPENDITURE:					
Salaries (see page 40) (Note 5)	3,889	4,264	4,420	4,732	4,732
Employee benefits	618	695	795	823	823
Administration	543	578	572	570	570
Rent of space and equipment	363	364	364	362	362
Agent and advisory services (Note 5)	400	219	398	323	323
Training and development (Note 6)	155	155	174	175	175
Total operating expenditure (Note 7)	5,968	6,275	6,723	6,985	6,985
Transfer to GRF (Note 8)					
- Return of Appropriation	86	241	392	463	463
- Other	27	26	21	12	12
Total transfer to GRF	113	267	413	475	475
Total expenditure	6,081	6,542	7,136	7,460	7,460
Excess of revenue over expenditure	-	-	-	-	-

(see accompanying notes on pages 29 to 31)

Notes to the Statement of Revenue and Expenditure For the Year Ended March 31, 2010

1. General Information

The financial information presented covers five years. The information for 2007 and 2008 comes from the Office's audited financial statements included in the Office's annual reports on operations for those years. Virtus Group LLP audited the Office's 2007 and 2008 financial statements. The information for the 2009 estimate and the 2011 projection is not audited.

2. Summary of Accounting Policies

The Office used accounting principles recommended by The Canadian Institute of Chartered Accountants to prepare this financial information. The Office considers the following accounting principles to be significant:

(a) Basis of Accounting

The financial information is prepared on the expenditure basis of accounting. Expenditures are the cost of goods and services acquired in the year whether or not the Office has made payment.

(b) Revenue

The Office records the appropriation from the General Revenue Fund when it is receivable.

Other revenue is recognized on the basis of the percentage of work completed for those government agencies that have signed contracts to pay fees or have otherwise agreed to pay fees.

(c) Tangible Capital Assets

Tangible capital assets are charged to expenditure when purchased rather than when consumed.

3. Financial Information is a Forecast

The financial information presented for 2010 is a forecast, and accordingly actual results will vary and the variations may be material. The Office will report actual results compared to planned results for 2009 and 2010 in the Office's 2009 and 2010 Annual Reports on Operations. The Office provides its annual report on operations to the Legislative Assembly.

4. Assumptions

The Office prepared the financial information for the year ended March 31, 2010 using the significant assumptions set out below. The assumptions reflect the Office's planned course of action for this period as set out on pages 45 to 59. The Office based the assumptions on management's judgement of the most probable set of economic conditions for this period based on known information at October 31, 2008. The significant assumptions are:

- *Appropriation* is the amount of money the Office needs from the General Revenue Fund to finance operations. The Office returns any amounts not required during the year to the General Revenue Fund at year-end.

- *Contingency Appropriation* is the amount of money from the General Revenue Fund required for unforeseen expenses. The Office returns any amounts not required during the year to the General Revenue Fund at year-end.

- *Other* includes fees charged to agencies for ancillary services and other income. The Office does not keep fees and other income, it gives all receipts to the General Revenue Fund.

- *Salaries* are based on 58 full-time equivalents at an average salary cost of $81,600 (see page 40).

- Average salary cost is determined using best estimates of expected pay for current and new employees based on past trends and expected economic conditions. The average increase to salaries includes a 4.5% April 1, 2009 economic adjustment the Government plans to provide to other public sector workers and the impact of a 5.6% increase to starting salaries for training accountants to respond to market pressures. Average salary cost also reflects the effect on our salary costs of five professional accountants leaving the Office and hiring eight new staff.

- *Employee benefits* include the costs of the following benefits: Canada pension plan, employment insurance, workers' compensation, public employees pension plan, public employees dental plan, public employees disability income plan, public employees group life plan, and public employees extended health plan, maternity/paternity top-up plan, and a flexible benefit plan. The costs reflect current rates charged for these benefits.

- *Administration* reflects management's best estimates based on past trends and current economic conditions for costs such as: travel to audits, computer hardware and software purchases and maintenance, professional fees and dues, telephone, printing, and office supplies.

- *Rent of space and office equipment* is nearly all for office space and is based on a ten-year lease that commenced April 1, 2002.

- *Agent and advisory services* represents management's best estimates for legal costs, the cost of auditing the Office, and other contractual services. It includes costs for staff assistance of two full-time equivalents.

- *Training and development* costs are the estimated out-of-pocket costs to train staff to become professional accountants, keep the knowledge and skills of current professional accountants up-to-date, and gain knowledge in specialized areas. The Office based the costs on past trends and office policies. (See pages 43 to 44.)

- The 60 full-time equivalents (58 FTE salaried staff plus 2 FTE contracted staff assistance) reflects the number of persons necessary to obtain 66,000 audit hours to audit the agencies set out on pages 34 to 35. The 66,000 audit hours takes into account known information at October 31, 2008 about the state of the government's systems and practices, the number of government agencies, the Government's use of appointed auditors, and auditing standards. The Office based the number of persons necessary to achieve 66,000 audit hours on the planned use of employee time set out on pages 41 to 42.

5. Agent and Advisory

In 2007 and 2009, the Office required extra contract staff due to higher than anticipated staff turnover, maternity leave, and other leaves of absence.

6. Training and development

In 2009, the Office increased training costs to provide necessary training to all audit staff resulting from the accounting profession's move to International Financial Reporting Standards (IFRS). The impact of IFRS as well as the move to International Auditing Standards will continue to impact training costs for 2010 and 2011.

7. Total operating expenditure

The Office's actual spending for the seven months ended October 31, 2008 was $3.836 million (unaudited).

8. Transfer to General Revenue Fund (GRF)

The Provincial Auditor Act requires the Office to give all fees and other revenues to the General Revenue Fund. The Act also requires the Office to return any excess appropriations to the General Revenue Fund. The Office anticipates that it will deposit $21,000 of fees and $392,000 of our contingency appropriation to the General Revenue Fund for March 31, 2009.

9. Contingency Appropriation

In the past, the Office maintained net financial assets equal to approximately one month's salary and benefit expenses. This practice allowed our Office to manage unforeseen circumstances effectively. To enable the Provincial Auditor to retain the independence to manage effectively, the Public Accounts Committee recommended that the Act should provide for the Provincial Auditor to obtain an extra appropriation each year. The Act provides for a contingency appropriation in place of the Office maintaining net financial assets.

Statement of Revenue and Expenses
For the Years Ended March 31

	2007 Actual	2008 Actual	2009 Estimate	2010 Forecast	2011 Projection
			($ Thousands)		
REVENUE:					
General Revenue Fund					
- Current Year's Appropriation	5,695	6,124	6,677	6,985	6,985
- Contingency Appropriation	359	392	438	463	463
Other	27	26	21	12	12
Total Revenue	6,081	6,542	7,136	7,460	7,460
EXPENSES:					
Salaries	3,889	4,264	4,420	4,732	4,732
Employee benefits	616	705	785	823	823
Administration	558	598	578	581	581
Rent of space	363	365	364	362	362
Agent and advisory services	400	219	398	323	323
Training and development	151	148	174	175	175
Total operating expense	5,977	6,299	6,719	6,996	6,996
Transfer to GRF					
- Return of unused Appropriation	86	241	392	463	463
- Other	27	26	21	12	12
Total transfer to GRF	113	267	413	475	475
Total expense	6,090	6,566	7,132	7,471	7,471
Annual surplus (deficit)	(9)	(24)	4	(11)	(11)
Accumulated surplus, beginning of year	186	177	153	157	146
Accumulated surplus, end of year	177	153	157	146	135

We prepared this statement using the expense basis of accounting. We include this statement because we report our actual results using the expense basis of accounting in our annual report on operations.

Schedule of Actual and Planned Costs to Audit Government Agencies for the years ended March 31

The following schedule shows our actual costs to audit government agencies for our fiscal years ended March 31, 2007 and March 31, 2008. The schedule also shows our planned costs to audit government agencies for our fiscal years ended March 31, 2009 and March 31, 2010.

The "nature of each examination" is described in section 11 of *The Provincial Auditor Act*, which states:

> *11(1) The Provincial Auditor is the auditor of the accounts of the government of Saskatchewan and shall examine all accounts related to public money and any accounts not related to public money that he is required by an Act to examine, and shall determine whether, in his opinion:*
>
> *(a) the accounts have been faithfully and properly kept;*
>
> *(b) public money has been fully accounted for and properly disposed of, and the rules and procedures applied are sufficient to ensure an effective check on the assessment, collection and proper allocation of public money;*
>
> *(c) public money expended has been applied to the purposes for which it was appropriated by the Legislature and the expenditures have adequate statutory authority; and*
>
> *(d) essential records are maintained and the rules and procedures applied are sufficient to safeguard and control public money.*

The information for 2007 and 2008 was originally provided in the Schedule of Actual Costs to audit Government Agencies included in our 2007 and 2008 Annual Reports on Operations. The audited information noted there would be future costs to complete these audits. Virtus Group LLP audited those schedules. Also, those schedules provide a comparison of our planned and actual costs to audit agencies for those years and an explanation for significant differences. The actual results reported here have been updated to include costs for these audits up to September 30, 2008.

	2007	2008
	($ Thousands)	
Actual costs as at March 31 audited by Virtus Group LLP	5,296	5,666
Additional costs to September 30, 2008	497	253
Projected costs to complete work	58	41
Total costs to audit government agencies	5,851	5,960

Schedule of Actual and Planned Costs to Audit Government Agencies for the years ended March 31 as at September 30, 2008

Ministry or Agency	2007 Actual	2008 Actual		2009 Planned		2010 Planned	
		($ Thousands)					
Department of Labour**	23	21		-		-	
Department of Northern Affairs**	33	29		-		-	
Executive Council	19	14		17		18	
Information Technology Office	86	141	* (10)	98		104	
Legislative Assembly	71	66		74		77	
Ministry of Advanced Education, Employment and Labour**	-	666	(11)	788	(5)	792	
Ministry of Agriculture**	300	265	*	273		299	
Ministry of Corrections, Public Safety and Policing**	58	115		95		125	
Ministry of Education**	740	150	(11)	184		258	(1)
Ministry of Energy and Resources**	68	89		133		141	
Ministry of Enterprise and Innovation**	26	21		42		45	
Ministry of Environment**	209	192		165		204	
Ministry of Finance**	670	702		832	(6)	935	(2)
Ministry of First Nations and Métis Relations**	28	35		52		53	
Ministry of Government Services**	88	110		122		98	
Ministry of Health**	763	741		912	(7)	1,024	(3)
Ministry of Highways and Infrastructure**	74	84		125		95	
Ministry of Intergovernmental Affairs**	-	-		16		15	
Ministry of Justice and Attorney General**	333	223	(12)	220		258	
Ministry of Municipal Affairs**	88	117		99		105	
Ministry of Social Services**	215	170	*	185		237	
Ministry of Tourism, Parks, Culture and Sport**	138	156		185		198	
Office of the Provincial Secretary**	-	-		16		15	
Public Service Commission	53	47		94		50	
Crown Investments Corporation of Saskatchewan	65	149	(13)	109		168	
Information Services Corporation of Saskatchewan	16	11		57		18	
Saskatchewan Development Fund Corporation	4	4		5		5	
Saskatchewan Gaming Corporation	138	104		111		75	
Saskatchewan Government Growth Fund Management Corporation	19	18		23		28	
Saskatchewan Government Insurance Corporation	72	121		80		110	
Saskatchewan Liquor and Gaming Authority	321	317		354		234	(4)
Saskatchewan Opportunities Corporation	9	8		7		8	
Saskatchewan Power Corporation	73	63		79		101	
Saskatchewan Research Council	63	142	(14)	133		116	

Ministry or Agency	2007 Actual	2008 Actual	2009 Planned	2010 Planned
		($ Thousands)		
Saskatchewan Safety Council	28	30	20	21
Saskatchewan Telecommunications Holding Corporation	66	59	129 (8)	78
Saskatchewan Transportation Company	63	6	16	9
Saskatchewan Water Corporation	11	8	16	18
SaskEnergy Incorporated	64 *	50	64	73
Workers' Compensation Board	78	43	80	54
Government-wide, Sectoral, and Special issue work	206	197 *	161	185
Legislative Committees and Public Reports	414	435	506 (9)	538
TOTAL COSTS	5,793	5,919	6,677	6,985
* Costs remaining to complete audits not done at September 30, 2008	58	41	-	-
TOTAL COSTS TO AUDIT GOVERNMENT AGENCIES	5,851	5,960	6,677	6,985
Average cost per audit hour***	$ 89.13	$ 95.27	$ 98.31	$ 103.10

** In 2007, the Government reorganized. See page 39 for a summary of the Government reorganization. For comparative purposes, the plan for 2009 is restated to conform with the 2010 plan which is based on the new Government structure.

*** The average cost per audit hour is the total expenditure for the year from page 28, less direct costs (e.g., audit travel, audit advisors, and report publishing costs), divided by the total audit hours for all employees for the year (see page 41). The increase in the average cost per hour is primarily due to increasing salaries and benefits which are based on the economic adjustments to salaries and benefits given to public servants (see page 40).

Explanations for Differences Greater Than $60,000 Between Years

2010 Planned Costs

(1) ***Ministry of Education*** – Our 2010 planned costs are more than our 2009 planned costs by $74,000. For 2010, we plan to follow-up on our recommendations regarding the ministry's processes to ensure its partners meet requirements for completing approved capital construction projects ($13,000). Also for 2010, the government created three new benefit plans increasing our costs by $49,000.

(2) ***Ministry of Finance*** – Our 2010 planned costs are more than our 2009 planned costs by $103,000. For 2010, we plan to assess Finance's project to replace the revenue management computer system ($41,000). For 2010, we plan to assess the Government's performance plan summary and provide the status of reporting in other Canadian jurisdictions ($41,000). Also for 2010, we plan to follow up on past recommendations regarding the Superintendent of Pension's processes to supervise pension plans ($11,000).

(3) ***Ministry of Health*** – Our 2010 planned costs are more than our 2009 planned costs by $112,000. For 2010, we plan to assess the Ministry's quality assurance processes to reduce medical risks ($53,000). Also for 2010, we plan to assess the adequacy of security over computer systems and data at two big regional health authorities ($79,000).

(4) ***Saskatchewan Liquor and Gaming Authority*** – Our 2010 planned costs are less than our 2009 planned costs by $120,000. As a result of the government's decision to have an appointed auditor for the Saskatchewan Indian Gaming Authority (SIGA), we are doing less direct audit work at SIGA. This decision reduces our costs for 2010 by $120,000.

2009 Planned Costs

(5) ***Ministry of Advanced Education, Employment, and Labour*** – Our 2009 planned costs are more than our 2008 actual costs by $122,000. For 2009, we plan to assess whether SIAST has adequate processes to manage significant risks increasing our costs by $54,000. Also for 2009, the audit of one new commission and two new agreements increased our costs by $43,000.

(6) ***Ministry of Finance*** – Our 2009 planned costs are more than our 2008 actual costs by $130,000. For 2008, our costs for the audits of the Summary Financial Statements and General Revenue Fund were less than planned for 2009 ($33,000) due to fewer accounting issues requiring research. Also, our costs to audit the Public Service Superannuation Board were less than planned ($20,000) due to the Board not undertaking complete valuations in the year. For 2009, we plan to examine the Public Employees' Pension Plan's controls over electronic systems and data ($33,000).

(7) ***Ministry of Health*** – Our 2009 planned costs are more than our 2008 actual costs by $171,000. For 2008, our costs for the audits of the regional health authorities were $58,000 less than planned for 2009 due to fewer accounting issues requiring research and fewer control problems found requiring less investigation. For 2009, we plan to assess the adequacy of controls to protect the confidentiality, integrity, and availability of the network and data at the Saskatchewan Cancer Foundation ($41,000) and one of the regional health authorities ($42,000). Our work for 2009 is also increased by participating with our legislative audit colleagues in a Canada-wide audit of electronic health records ($36,000).

(8) ***Saskatchewan Telecommunications Holding Corporation*** – Our 2009 planned costs are more than our 2008 actual costs by $70,000. For 2009, we plan to assess the adequacy of SaskTel's processes to protect the confidentiality, integrity, and availability of its network and data ($51,000) and follow up on recommendations in our 2007 Report – Volume 1 pertaining to SaskTel's processes to manage intellectual property ($11,000).

(9) ***Legislative Committees and Public Reports*** – Our 2009 planned costs are more than our 2008 actual costs by $71,000. In 2008, fewer staff attended Legislative Committee meetings than originally planned reducing our costs by $34,000. Our costs to prepare and publish our 2008 public reports were $37,000 less than planned.

2008 Actual Costs

(10) ***Information Technology Office*** –To complete all of our 2008 work would cost a further $6,000. As a result, our 2008 actual costs are more than our 2007 actual costs by $61,000. In 2008, we plan to assess whether the stated benefits were realized from the consolidation of information technology services at the Information Technology Office increasing our costs by $47,000.

(11) ***Ministry of Advanced Education, Employment, and Labour and Ministry of Education*** – In April 2006, the government restructured the former Department of Learning into two new departments: the Department of Learning and the Department of Advanced Education and Employment. In the 2007 government reorganization the Department of Advanced Education and Employment was continued as the Ministry of Department of Advanced Education, Employment and Labour and the Department of Learning was continued as the Ministry of Education. Refer to page 39.

(12) ***Ministry of Justice and Attorney General*** – Our 2008 actual costs are less than our 2007 actual costs by $110,000. In 2007, we assessed the adequacy of the Department's management control systems for enforcing Saskatchewan's securities laws ($52,000) and the Saskatchewan Legal Aid Commission's processes to secure its legal management systems and data ($30,000). In addition, we did more work at the Public Guardian and Trustee due to inadequate processes to prevent duplicate payments increasing our 2007 costs by $10,000.

(13) ***Crown Investments Corporation of Saskatchewan*** – Our 2008 actual costs are more than our 2007 actual costs by $84,000. In 2008, we assessed the adequacy of the Board of Investment Saskatchewan's processes to oversee its investments ($62,000). Also, our work for 2008 includes two new agencies ($15,000).

(14) ***Saskatchewan Research Council*** – Our 2008 actual costs are more than our 2007 actual costs by $79,000. In 2008, we assessed whether the Saskatchewan Research Council has adequate processes to manage intellectual property, increasing our costs by $48,000.

Government Agencies Created in 2008-2009

The following agencies were created, became a government-controlled agency, or were subject to audit by the Provincial Auditor during 2008-2009 and result in more work for us in 2009-2010. As a result, we request additional resources in 2009-2010 to do these audits:

Ministry of Advanced Education, Employment and Labour		
Labour Market Agreement	$ 21,500	$ 21,500
Ministry of Education		
Teachers' Dental Plan	19,200	
Teachers' Disability Plan	10,100	
Teachers' Group Life Plan	19,200	48,500
Saskatchewan Government Growth Fund Management Corporation		
101005716 Saskatchewan Ltd.	100	
617275 Saskatchewan Ltd.	100	
610277 Saskatchewan Ltd.	100	
101027596 Saskatchewan Ltd.	100	400
		$ 70,400

Government Agencies Wound Up in 2008-2009

The following agencies were wound up, ceased to be a government-controlled agency, or were no longer subject to audit by the Provincial Auditor during 2008-2009 and result in less work for us in 2009-2010. As a result, we do not request resources in 2009-2010 to do these audits:

Ministry of Advanced Education, Employment and Labour		
University of Saskatchewan - Compliance with Federal Agreement	$ 7,200	
University of Saskatchewan - Northern Medical Service Compliance Audit	8,700	$ 15,900
Ministry of Environment		
Resource Protection and Development Revolving Fund	3,700	3,700
Ministry of Finance		
SaskPen Properties Ltd.	100	100
		$ 19,700

We submit our request for resources in November of a year (2008) for the next April to March fiscal (2009-2010) year. Our request is for the purpose of auditing government agencies for their years ended in the period January 1, 2009 to December 31, 2009. We base our request on information known to October 31, 2008. We will reflect information received after that date in our next request for resources.

Summary of Government Reorganization

In 2007, the government reorganized. Departments were discontinued and ministries were created. In addition, the responsibility for some programs moved from one ministry to another ministry. The government reorganization did not change the total cost of our work. Our work plan for 2009-10 was developed using the new government structure as indicated by the following changes effective November 21, 2007:

The Department of Labour is discontinued and the responsibilities are moved to the Ministry of Advanced Education, Employment and Labour.

The Department of Northern Affairs is discontinued and the responsibilities are moved to the Ministry of First Nations and Métis Relations.

The Ministry of Advanced Education, Employment and Labour replaces the Department of Advanced Education and Employment.

The Ministry of Agriculture replaces the Department of Agriculture and Food.

The Ministry of Corrections, Public Safety and Policing replaces the Department of Corrections and Public Safety.

The Ministry of Education replaces the Department of Learning.

The Ministry of Energy and Resources replaces the Department of Industry and Resources.

The Ministry of Enterprise and Innovation replaces the Department of Regional Economic and Co-operative Development.

The Ministry of Environment replaces the Department of Environment.

The Ministry of Finance replaces the Department of Finance.

The Ministry of First Nations and Métis Relations replaces the Department of First Nations and Métis Relations.

The Ministry of Government Services replaces the Department of Property Management.

The Ministry of Health replaces the Department of Health.

The Ministry of Highways and Infrastructure replaces the Department of Highways and Transportation.

The Ministry of Intergovernmental Affairs is established.

The Ministry of Justice and Attorney General replaces the Department of Justice and the responsibilities for policing are moved to the Ministry of Corrections, Public Safety and Policing.

The Ministry of Municipal Affairs replaces the Department of Government Relations.

The Ministry of Social Services replaces the Department of Community Resources.

The Ministry of Tourism, Parks, Culture and Sport replaces the Department of Culture, Youth and Recreation.

The Office of the Provincial Secretary is established.

The Forestry Secretariat is discontinued and the responsibilities are moved the Ministry of Energy and Resources.

Forecast and Actual
Full-Time Equivalent Positions and Average Salaries

Information on full time equivalent positions and salary levels

	Full-Time Equivalent Positions		Average Salaries[1]	
Fiscal Year Ended	Forecast	Actual [2]	Forecast	Actual [2]
2000	60	59	52,200	53,932 [3]
2001	59	58	56,220	57,210
2002	59	52 [4]	58,980	60,750 [4]
2003	59	55	62,085	62,000
2004	57	57	63,965	63,298
2005	57	55	65,140	65,964
2006	57	53 [4]	64,860	67,453 [4]
2007	57	57	65,300	68,211
2008	57	58	71,000	73,517
2009	58	57 [5]	77,220	77,550 [5]
2010	58		81,600	

[1] Our average salaries have increased from 2000 to 2010 primarily due to the Provincial Auditor's staff receiving similar economic adjustments as those the Government provided to public servants. In the following table, we set out the economic adjustments the Government provided to public servants. These economic adjustments alone would cause our average salary at March 31, 2000 to increase from $53,932 per year to $71,271 by March 31, 2010. The rest of the increase, to $81,600 for 2010, was caused by our need to respond to market pressures in 2001, 2005, and 2009. The economy in these years provided more opportunities for new university graduates causing increased starting salaries. We increased our starting salaries 6% for 2001, 13% for 2005, and 5.6% for 2009. These decisions impacted salaries for all staff training to become professional accountants. Also, the economy created more opportunities and higher salaries for recently qualified professional accountants. We note the Government responded to this market pressure and provided a special increase to the salaries of professional auditors ranging from 5% to 12%. We also responded to these market pressures in 2001. In 2006, the Government increased the salaries for its classification plan for senior employees. We also responded to this pressure and increased senior staff salaries by 4%.

Economic adjustments provided to public servants:

July 1, 1999	2%	July 1, 2003	2.5%	April 1, 2008	4.0%
July 1, 2000	2%	July 1, 2005	1%	April 1, 2009	4.5%
July 1, 2001	3%	July 1, 2006	2.8%		
July 1, 2002	2.5%	July 1, 2007	6.1%		

[2] Actual full-time equivalent positions and average salaries on this page represent the information for our employees only.

[3] Average salaries at March 31, 2000 after adjustment for a $81,000 decrease in accrued vacation pay.

[4] A number of staff were on maternity and other leaves this year. We replaced these staff by contracting staff from accounting firms. This changed the usual composition of our normal average salary.

[5] Estimated number of full-time equivalent positions and average salaries at October 31, 2008.

Schedule of Actual and Planned Time Employees Spend on Tasks For the Years Ended March 31

	Actual			Planned	
Employee time	**2006**	**2007**	**2008**	**2009**	**2010**
Working hours	86%	84%	83%	85%	84%
Vacation leave and statutory holidays	12% [1]	14% [1]	15% [1]	13% [1]	14%
Sick leave	2%	2%	2%	2%	2%
Total paid hours	100%	100%	100%	100%	100%
Working hours tasks					
Audits	69% [2]	69% [2]	67%	68%	68%
Support services	12%	12%	12%	11%	11%
Office administration	12%	12%	13%	12%	12%
Training	7% [2]	7% [2]	8%	9%	9%
Total work hours	100%	100%	100%	100%	100%
Total full-time equivalent positions	56	59	59	60	60

(see accompanying notes to the schedule on page 42)

[1] Our vacation leave and statutory holidays are similar to those provided to employees in the public service. 2006 reflects one less statutory holiday (Easter) for the period. 2007 reflects one more statutory holiday (Family Day) for the period. 2008 reflects two more statutory holidays (Easter and Family Day) for the period. In 2008, staff were encouraged to take their unused vacation entitlements from previous years. 2009 reflects one less statutory holiday (Easter) for the period.

[2] Time spent on audits increased during 2006 and 2007 due to special investigations and additional audits not known when time allocation was originally planned. As a result, some management and specialist training was deferred.

Notes to the Schedule of Actual and Planned Time Employees Spend on Tasks For the Years Ended March 31

1. Purpose

This schedule shows employee tasks and the percentage of time employees spend on these tasks. The schedule shows actual percentages for the years ended March 31, 2006 to March 31, 2008. The schedule also shows planned percentages for these tasks for the years ended March 31, 2009 and 2010.

The information for 2006, 2007, and 2008 comes from the Schedule of Actual Time Employees Spend on Tasks included in our Annual Reports on Operations for those years. The 2006, 2007, and 2008 schedules were audited by Virtus Group LLP.

2. Definitions

Working hours - This is the time available after deducting vacation leave, statutory holidays, and sick leave.

Vacation leave and statutory holidays - Employees receive paid vacation leave. Leave is based on years of service. Employees also receive 12 paid statutory holidays.

Sick leave - Employees receive paid sick leave. The amount of paid leave is based on years of service.

Total paid hours - This is the total of working hours, vacation leave and statutory holidays, and sick leave. Employees must account for a minimum of 1950 total paid hours per year to receive full pay.

Audit hours - This is the time employees spend on the audits set out in the Detailed Work Plan on page 33. Audit hours do not include the time spent on support services, office administration, and training.

Support services - This is the time employees spend on accounting, computer maintenance and support, and other administrative support.

Office administration - This is time employees spend on human resource activities, internal committees and working groups, office-wide and group planning activities, and time that does not fall within any other working hours task category.

Training - This is time employees spend on staff development courses and seminars. The time includes both employee attendance time and instructor time when our employees instruct our courses.

Full-time equivalent positions - This represents the total paid months divided by twelve months.

3. Time Allocation Policies

Employees are required to record on timecards actual time spent on each task to the nearest quarter hour. The employees' supervisors approve the employees' timecards. The Office uses the information from the timecards to pay employees and to monitor employees' performance. The Office also uses this information to determine the actual costs to audit government agencies.

Training Schedule

Information on the cost of training. The schedule shows the staff hours, staff salary cost, and out-of-pocket costs.

	Forecast			Actual		
Fiscal Year	Hours[1,2]	Salary Cost	Out-of-Pocket Cost	Hours[1,2]	Salary Cost	Out-of-Pocket Cost
2000-01	9,043	206,582	149,000	8,191 [3]	197,399 [3]	141,392 [3]
2001-02	8,213 [4]	208,509 [4]	149,000 [4]	5,943 [5]	156,416 [5]	126,425 [5]
2002-03	7,410 [6]	210,508	149,000	6,030 [3]	165,341 [3]	150,724 [7]
2003-04	7,919 [8]	213,567	149,000	7,618	231,564	142,504
2004-05	8,195	248,382	149,000	7,462	220,291	138,222
2005-06	8,714	259,442	149,000	6,152 [9]	187,796 [9]	159,252
2006-07	8,830	267,917	149,000	6,850 [9]	229,940 [9]	155,475
2007-08	8,800	291,736	160,000	7,701	261,027	154,793
2008-09	8,740	313,400	160,000	8,615 [10]	322,179 [10]	173,778 [10]
2009-10	8,760	334,800	175,000			

[1] We are a training office for people to become professional accountants (CA, CMA, CGA). About 50% of our training hours relates to training these students. This is the key strategy we use to recruit staff.

[2] We continue to update our training survey that was initiated from a request of the Board of Internal Economy. We did a survey of the legislative auditors across Canada (2008) and three of the largest auditing firms in Regina (2004). We received responses from 10 out of 11 of the legislative auditors and two of the auditing firms. Following are the results of the survey based on 2008 training policies:

Type of training	Legislative Auditors Average 2008	Auditing Firms Average 2004	Provincial Auditor Saskatchewan 2008	Provincial Auditor Saskatchewan Forecast 2010
Training new staff to become professionals	10 days	6 days	11 days	11 days
Keeping our existing professional staff current	9 days	7 days	6 days	7 days
Specialized training (e.g., computers, pensions, tax, etc.)	9 days	17 days	12 days	11 days

[3] Our hours decreased as we spent less time on our in-house training courses than originally planned for the year.

[4] Our forecast included an increase in the training for our specialists and a decrease in the number of students preparing for final exams in their professional accounting program. The salary cost of the specialist training is higher than the savings from the decreased student training.

[5] Our hours and costs decreased because we deferred some of our senior management training program in 2002 as a result of changing priorities for advancing audit deadlines.

[6] Our forecast includes a decrease in the hours necessary for training our students. The format of the new CA School of Business does not require the students to have as much paid leave as was required by the training program of The Institute of Chartered Accountants of Saskatchewan.

[7] Our out-of-pocket costs increased due to an increase in the use of external instructors for the 2003 in-house training program.

[8] Our forecast includes an increase in hours necessary for the paid leave of our CA School of Business students. We will have several students completing their final year of the program as well as new students beginning the program in 2004. In 2003, none of our students were in the final year of the CA School of Business program which significantly decreased our paid leave hours for students.

[9] Time spent on audits increased during 2006 and 2007 due to special investigations and additional audits not known when time allocation was originally planned. As a result, some management and specialist training was deferred.

[10] Estimate at October 31, 2008.

Summary of Our 2009 – 2011 Strategic Plan

Our goals and objectives

We have three goals. These are:

- foster well-managed government
- encourage meaningful reporting by government
- manage our business effectively

Pages 46 to 59 set out our goals and objectives for the period April 1, 2009 to March 31, 2011 for pursuing our mission. We also set out our strategies and action plans to manage the risks that might prevent us from achieving our objectives.

Pages 60 to 61 include a glossary of terms and abbreviations used in our strategic plan.

The indicators we use to measure our success in achieving our goals and objectives and our performance targets for these indicators are set out on pages 22 to 23.

Goals	Objectives	General strategies
1. Foster well-managed Government	1. Our stakeholders value our assurance and advice to strengthen the Government's accountability to the Assembly.	1. Work with significant agencies on their processes to strengthen the accountability of the agencies they supervise.
		2. Encourage legislators to put in law sound accountability requirements for the Government (starting in 2009).
		3. Advise legislators of the state of the Government's accountability to the Assembly.

Action plans

1. Keep informed of and share changes in accountability processes in other jurisdictions.
2. Work with key supervisory agencies to build capacity for results-based management.
3. Explain the importance of our assurance on key performance reports (results) to key supervisory agencies.
4. Encourage the use of the key elements of sound planning and reporting for the overall Government and for significant agencies.
5. Encourage significant agencies to ensure accountability to the Assembly in their agreements with others they supervise.

1. Advise legislators of new accountability legislation in other Canadian jurisdictions.
2. Promote the value of legislation to sustain accountability requirements.

1. Report on accountability arrangements that present the Government with significant risks (e.g., municipal governments, school boards, non-government agencies, public private partnerships, intergovernmental agencies).
2. Advise legislators of the impact of changes in key accountability arrangements to foster appropriate accountability to the Assembly.
3. Assess the adequacy of accountability in key agreements.
4. Provide input to the CICA on public sector accounting and auditing issues, and explain the impact to legislators, as needed.
5. Report to legislators on the state of the Government's overall accountability to the Assembly compared with other Canadian jurisdictions.

Goals	Objectives	General strategies
1. **Foster well-managed Government**	2. Our stakeholders value our assurance and advice to strengthen the Government's processes to achieve intended results.	1. Evaluate the Government's processes to achieve planned results including its governance and risk management processes.
		2. Assess the adequacy of the Government's processes to manage its human resources, the environment, and public infrastructure including information technology.
		3. Assess the adequacy of the management of complex accountability relationships.
		4. Advise legislators of the challenges in managing the key forces and trends affecting the Government.

Action plans

1. Examine the adequacy of the financial controls of government agencies.
2. Examine compliance with authorities by government agencies.
3. Examine the adequacy of processes used by the overall Government and significant agencies to manage key risks including delivery of services by other parties (e.g., school boards, non-government agencies).

1. Assess whether significant agencies have the key elements of a sound human resource plan.
2. Examine the adequacy of one significant agency's processes to implement its succession plan.
3. Assess the adequacy of agencies' management of significant infrastructure (e.g., health facilities, information technology, highways, energy distribution systems).
4. Assess the adequacy of controls for security of significant IT infrastructure.
5. Assess the adequacy of agencies' project management processes to implement significant infrastructure.
6. Assess the adequacy of agencies' processes to manage risks to the environment.

1. Assess the adequacy of processes to manage key intergovernmental and interagency programs.
2. Assess whether key supervisory agencies set out adequate control expectations to the government agencies they supervise and have adequate controls to monitor compliance with their expectations.
3. Assess the adequacy of processes to manage complex accountability relationships with non-government organizations (e.g., service agreements with community-based organizations, public private partnerships).

1. Report on the financial condition of the Government to help explain the economic constraints faced by the Government.
2. Encourage the Government to report on its assessment of its financial condition.
3. Report on new key challenges faced by the Government.

Goals	Objectives	General strategies
2. Encourage meaningful reporting by Government	1. The Government provides useful summary plans and results to the Assembly.	1. Encourage key officials to improve the performance plan summary and reporting of results to the Assembly.
		2. Report areas for improving the performance plan summary and reporting of results.
	2. Significant agencies provide useful plans and results to the Assembly.	1. Assess key performance reports of significant agencies and sectors.

Action plans

1. Meet with key officials to discuss the benefits of improving the performance plan summary and reporting of results.
2. Offer advice on processes to build capacity to improve the performance plan summary and reporting of results.

1. Assess the performance plan summary against SORP-2 reporting attributes to identify areas for improvement.
2. Monitor status of performance plans and reporting of results in other Canadian jurisdictions.
3. Discuss with key officials and legislators the benefits of legislative committees reviewing the performance plan summary and reporting of results.

1. Assess performance plans of significant agencies against SORP-2 reporting attributes starting in 2010.
2. Assess annual reports of significant agencies against SORP-2 reporting attributes starting in 2011.
3. Assess performance plans and report of results of sectors, within a year of the plans and results becoming public.
4. Assess the guidance key supervisory agencies provide to supervised agencies about key performance reports.
5. Assess whether 2 significant agencies have the ability to collect and analyze reliable performance information.
6. Encourage Finance to require Ministry financial statements for tabling in the Assembly.

Goals	Objectives	General strategies
2. Encourage meaningful reporting by Government	3. Our stakeholders value our timely assurance and advice on the Government's reports on plans and results.	1. Provide timely assurance on government agencies' financial reports.
		2. Inform legislators of the benefits of providing assurance on government agencies' performance reports.
		3. Encourage government agencies to seek our assurance on their performance reports.
		4. Provide timely assurance on government agencies' performance reports for non-financial information.
3. Manage our business effectively	1. Our stakeholders understand and value what we do.	1. Ensure we have the resources and access to the competencies necessary to respond to the risks faced by our stakeholders.

Action plans
1. Examine the reliability of the financial statements of the overall Government and of all government agencies. 2. Deliver our reports on the results of our work to government officials within the agreed upon time frame. 3. Deliver timely public reports on the results of our work to the Legislative Assembly. 4. During entry/exit meetings, advise officials of their need to be prepared for the implementation of the international financial reporting standards (IFRS), as applicable.
1. Report on the benefits of providing assurance on significant agencies' performance reports.
1. During the entry/exit meeting with significant agencies, encourage them to include an assurance report from our Office on their performance information.
1. Examine the reliability of key non-financial indicators included in the performance reports of 2 significant agencies. 2. Deliver our reports on the results of our work to government officials in the agreed upon time frame. 3. Deliver timely public reports on the results of our work to the Legislative Assembly.
1. Seek and monitor the views of our stakeholders on our plans and performance. 2. Prepare our resource proposals based on how we plan to respond to our risks and the risks faced by our stakeholders. 3. Clearly explain our resource proposals to PAC. 4. Maintain a competency-based framework for human resource management. 5. Maintain a sound human resource plan (including succession plan) that sets out required competencies and development plans. 6. Hire, train, and contract as expected in our human resource plan. 7. Use external experts as needed. 8. Use employee development plans and performance assessments to ensure we possess and maintain the necessary competencies. 9. Stimulate and support innovation.

Goals	Objectives	General strategies
3. Manage our business effectively	1. Our stakeholders understand and value what we do.	2. Maintain our status as a recognized training office for professional accountants.
		3. Provide relevant, reliable, and timely service at a reasonable cost.
		4. Maintain support for our recommendations.
		5. Communicate in a clear, accessible, and timely manner.

Action plans
1. Ensure the work experience provided to our professional accounting students meets the requirements of their governing body (i.e., CA, CMA, CGA). 2. Monitor the impact of the changes to the accounting profession's experience requirements on our ability to recruit and train professional accounting students.
1. Use a risk-based model to determine our work priorities. 2. Discuss audit requirements with government agencies at entry/exit meetings and document agreed-upon requirements in our audit planning memoranda. 3. Complete audit work according to the audit planning memoranda. If necessary, explain any significant changes to the plan. 4. Complete our work according to professional standards. 5. Monitor our performance using feedback obtained from government agencies (e.g., Post Audit Questionnaires). 6. Monitor our planned and actual costs and manage the impact of any significant differences. 7. Monitor information about costs of similar service providers to benchmark our costs. 8. Pay our staff based on market conditions.
1. Ensure our reports clearly explain deficiencies, consequences, and resulting recommendations. 2. Make clear presentations to boards, management, PAC, CCA, and the public. 3. Monitor acceptance of our recommendations. 4. Consider costs and benefits when making recommendations and set out recommendations in the context of key risks.
1. Use our key communication policies. 2. Make our reports accessible to our stakeholders. 3. Clearly explain our work and findings. 4. Strengthen our presentation skills. 5. Review current practice regarding timing and content of our public reports. 6. Monitor content of our public website to ensure information is current, relevant, and searchable. 7. Inform members of key legislative committees about the products and services that we deliver. 8. Distribute to our stakeholders a summary pamphlet outlining our role and the products and services that we deliver.

Goals	Objectives	General strategies
3. Manage our business effectively	1. Our stakeholders understand and value what we do.	6. Maintain our independence and objectivity.
	2. We continuously improve our work.	1. Enhance our knowledge and skills in the areas of auditing financial reporting, financial controls, risks, accountability, and compliance with related authorities.
		2. Maintain special knowledge in the many diverse and complex businesses the Government manages.
		3. Maintain current and effective methodology.

Action plans
1. Promote the basic principles for legislative auditors (i.e., refer to February 2000 CCOLA paper – *Legislative Audit: Serving the Public Interest*).
2. Explain our independence to our stakeholders.
3. Identify and respond to initiatives that might affect our independence.
4. Make staff aware of our need to be and appear to be independent (through objectivity policies).
5. Follow our policy for the rotation of key personnel on audits.
1. Maintain and enhance our internal training program (e.g., for changes in Canadian assurance and auditing standards and adoption of IFRS) using CCOLA resources when appropriate.
2. Pursue external training and development opportunities.
3. Participate on provincial and national committees (e.g., CCOLA, CICA, ICAS, IIA).
4. Keep our practices current by using our Practice Review Committee.
5. Use quality control processes to maintain consistent practices.
6. Monitor external organizations for risk management practices (e.g., Conference Board of Canada, CCAF, CICA, Australian Audit Office).
7. Be responsive to the impact of changes in professional assurance standards and best practice for reporting on financial control.
8. Seek opportunities, provincially and nationally, to make presentations and lead discussions in key areas of legislative auditing.
1. Maintain relevant specialities.
2. Ensure succession of key specialists on an ongoing basis.
3. Enhance knowledge transfer for complex audits and key government functions.
4. Allocate resources to enhance transfer of knowledge.
1. Monitor and learn from our experiences and the practices of our professional colleagues.
2. Challenge the status quo while ensuring quality control.
3. Support CCOLA's quality assurance process for ensuring the adequacy of our methodology.
4. Encourage harmonization of methodology within CCOLA.
5. Use the Professional Engagement Manual maintained by the CICA and CaseWare (or other appropriate sources) to document our audit work.
6. Monitor the impact of changes in Canadian assurance and auditing standards and IFRS on our methodology.

Goals	Objectives	General strategies
3. Manage our business effectively	2. We continuously improve our work.	4. Develop expertise in auditing performance management.
		5. Offer our advice and training programs to others.
		6. Continue to strengthen and simplify our management information system.
		7. Continue to strengthen and simplify our administrative practices.
		8. Continue to strengthen and simplify how we plan, assess, and report our performance.
	3. We embrace our guiding principles.	1. We maintain a positive work environment.
		2. We maintain a healthy work environment.

Action plans
1. Monitor and learn from our experiences and the practices of our professional colleagues in other legislative audit offices. 2. Encourage transfer of knowledge and skills for auditing performance management throughout the Office. 3. Support innovative audit approaches and sharing of experiences.
1. Offer advice and training to our professional colleagues (CCOLA, appointed auditors). 2. Offer advice and training to government officials when appropriate.
1. Adjust internal information systems (e.g., information centre, Intranet, databases) to respond to staff's needs. 2. Improve the ability of staff to access our internal information when they are away from the office.
1. Encourage staff to search for and share efficiencies. 2. Acquire quality goods and services at the best prices. 3. Improve the efficiency of preparing and issuing our reports.
1. Prepare an annual business and financial plan. 2. Use a risk-based model to determine our audit priorities. 3. Continue to improve our risk-based model. 4. Report publicly our plans and results. 5. Continue to expand the nature and scope of the assurances our auditor provides to legislators on our performance (e.g., our financial statements, our compliance with *The Provincial Auditor Act*, the adequacy of our financial controls, and the reliability of our key non-financial performance indicators.) 6. Reassess the performance targets for our indicators of success.
1. Respond to staff's concerns and trends identified in our corporate culture surveys. 2. Use the performance management process to help ensure staff are adequately trained and provided with challenging and varied work. 3. Use an exit interview process for staff leaving the Office. 4. Promote two-way feedback on staff performance. 5. Use appropriate communication methods to advise others of key information and decisions. 6. Improve communication of Executive Committee's key decisions. 7. Adjust workloads to facilitate a balance between work, home, and community.
1. Address all recommendations of the Occupational Health and Safety Committee (OH&S) in a timely manner. 2. Facilitate safe work practices as defined by the Office.

Strategic Plan Glossary

Accountability – the ability to demonstrate responsible action and report performance in light of agreed-upon expectations.

Action plans – the activities, time lines, and resources to accomplish goals and objectives and to implement strategies. Our action plans are carried out annually during the two-year plan, except where a specific date is indicated. The costs of our action plans are reported annually to the Legislative Assembly in our Business and Financial Plan.

Agency – an entity of Government accountable for public money.

Assembly – the Legislative Assembly of Saskatchewan.

Assurance – the Provincial Auditor Saskatchewan issues a written communication expressing a conclusion concerning a subject matter for which an agency is responsible.

Best practices – professional procedures or actions that are efficient, economical, and effective in accomplishing the purpose intended. Best practices may meet or exceed generally accepted auditing standards or other minimum standards in creative ways using evolving technologies or new methods.

Business plan – an agency's planned operations for the fiscal year.

CCOLA – the Canadian Council of Legislative Officers is an organization devoted to sharing information and supporting the continued development of auditing methodology, practices and professional development in legislative auditing.

Competency-based framework – the framework used for human resource management and policy development that identifies the competencies necessary for our Office to be successful. Competencies are the elements our Office must know, be able to do, and attitudes we must possess.

Control – those elements of an agency (including its resources, systems, processes, culture, structure, and activities) that, taken together, support people in the achievement of the agency's objectives.

Financial plan – an agency's planned revenues and expenses for the fiscal year.

Goal – a general statement of desired results to be achieved over an unspecified period of time.

Governance – generally refers to the processes by which organizations are directed, controlled, and held to account, and is underpinned by the principles of openness, integrity, and accountability. Governance is concerned with structures and processes for decision making, accountability, control and behaviour at the top of organizations.[1]

Government – ministries and Crown agencies as defined in *The Provincial Auditor Act*.

Guiding principles – the key values that are used to assist decision making.

Interagency – between two or more Government agencies.

Intergovernmental – between two or more levels of government (e.g., municipal, provincial, federal).

[1] *Governance in the Public Sector: A Governing Body Perspective*, The International Federation of Accountants, p. 1, August 2001.

Mission – the broad, long-term purpose of an agency and its primary focus including the stakeholders to be served.

Objective – a measurable, time-defined result to be achieved that leads to the achievement of each goal.

Outcome – the consequence or result of activities (e.g., our work results in better management systems and practices; Members of the Legislative Assembly are better able to assess the performance of the Government as a result of our work).

Performance indicator – a factor chosen to monitor success in achieving objectives.

Performance plan – an agency's business and financial plan.

Performance report – compares an agency's planned and actual results (e.g., an annual report, financial statements).

Results – outcomes achieved and outputs.

Risk – the possibility that an agency will experience adverse consequences from events or circumstances (e.g., a major financial, operational, or legal issue an agency must manage well for success in achieving its objectives).

Sectors – multiple government agencies working together to deliver common programs or to achieve common goals.

SORP-2 – The Canadian Institute of Chartered Accountants *Statement of Recommended Practice 2 - Public Performance Reporting*.

Stakeholders – those who have an interest in our decisions, including the people of Saskatchewan, Members of the Legislative Assembly and Standing Committees, and officials/managers/employees of Government.

Strategies – the approaches that can be taken to meet objectives and achieve goals.

Supervisory agencies – agencies that have some responsibility for other agencies.

Vision – a brief description of the ideal state.

Abbreviations

CCA – The Standing Committee on Crown and Central Agencies

CCAF – Canadian Comprehensive Auditing Foundation

CCOLA – Canadian Council of Legislative Auditors

CIC – Crown Investments Corporation of Saskatchewan

CICA – The Canadian Institute of Chartered Accountants

ICAS – Institute of Chartered Accountants of Saskatchewan

IIA – Institute of Internal Auditors

PAC – The Standing Committee on Public Accounts

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Other Information

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Spending Trends

In the past, members of the Standing Committee on Estimates and the Standing Committee on Public Accounts wanted to know what our spending trends were over a ten-year period.

The following information shows the trend of our spending from 1999 to 2008. The financial trends of the Government are best represented by the total revenue plus the total expense, as well as the total assets plus the total liabilities from the Government's summary financial statements.

Table 2

	Provincial Auditor's	Government's Financial Trends	
Year End	Spending	Revenue and Expense	Assets and Liabilities
1999	4.6 million	18.3 billion	33.9 billion
2000	4.5 million	20.2 billion	35.6 billion
2001	4.8 million	20.6 billion	35.0 billion
2002	4.9 million	22.0 billion	36.0 billion
2003	5.3 million	23.0 billion	37.0 billion
2004	5.4 million	23.3 billion	37.2 billion
2005	5.5 million	25.7 billion	38.8 billion
2006	5.7 million	26.9 billion	40.0 billion
2007	6.0 million	29.4 billion	41.7 billion
2008	6.3 million	32.2 billion	44.4 billion

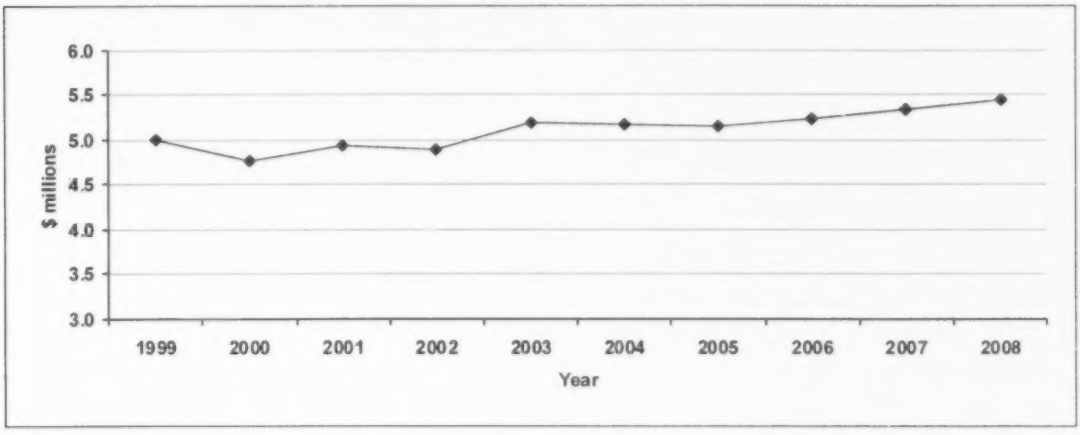
The Provincial Auditor's reported spending, for 1999 to 2008 inclusive, does not include appointed auditors' fees charged to government agencies. The decision to use appointed auditors rests with the Government. Accordingly, the costs of appointed auditors are not within the Provincial Auditor's control and are, therefore, not reflected in the Provincial Auditor's spending.

The Government's financial numbers come from its summary financial statements. The total revenues plus the total expense are used to reflect the increase in the volume of transactions our Office is responsible for auditing. We also have to audit the total assets plus the total liabilities of the Government. Graphs 1 and 2 (page 66) include the above information adjusted for inflation using 2002 as the base year.

From 1987 to 1995, our appropriation was not sufficient to carry out our work plan. This resulted in no reports, or late reports, to the Members of the Legislative Assembly on certain government agencies. For the fourteen years ended March 31, 2009, our requested appropriation was accepted and the appropriation was sufficient for our Office to carry out our work plan. From 1999 to 2008 our spending has increased 37%. During the same period, the Government's spending has increased 76%.

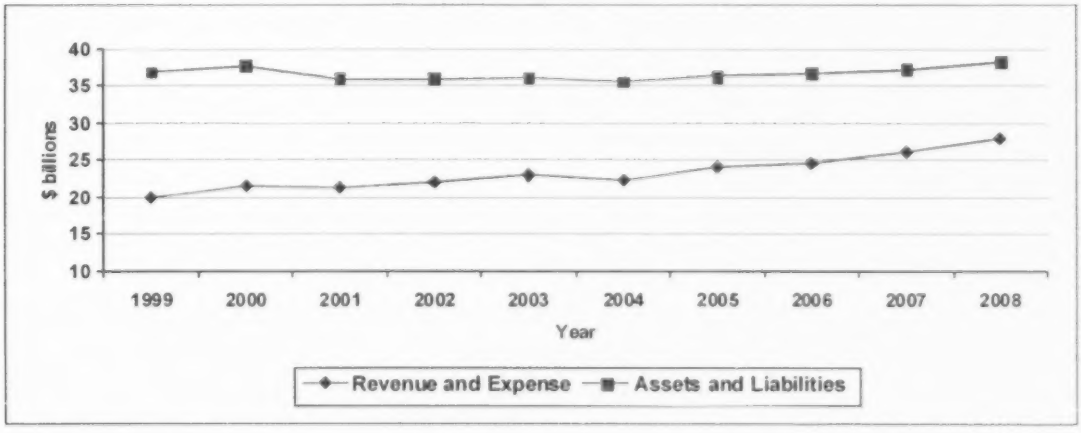
Graph 1
Provincial Auditor's Spending

These numbers come from Table 2. The numbers are adjusted for inflation using The Consumer Price Index of Canada and 2002 as the base year.



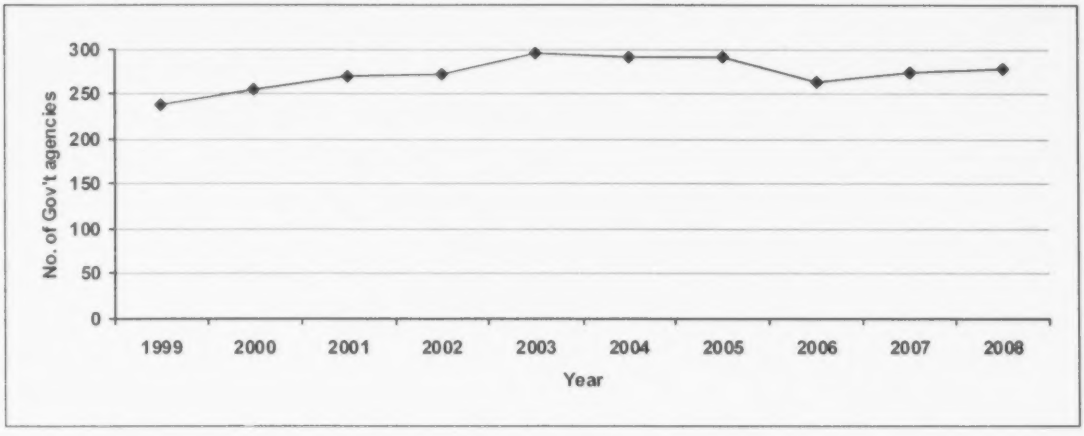
Graph 2
Government's Financial Trends

These numbers come from Table 2. The numbers are adjusted for inflation using The Consumer Price Index of Canada and 2002 as the base year.



Graph 3
Number of Government Agencies

Our work is also affected by the number of government agencies. The following graph shows the ten-year trend in the number of government agencies.



Out-of-Province Travel

Information on the last five years "out-of-province travel".

	2005-06	2006-07	2007-08	2008-09	2009-10
Forecast	$ 47,800 [1,2]	$ 47,800 [1,2]	$ 50,150 [1,2]	$ 50,400 [1,2]	$ 49,800 [1,2]
Actual	42,813	47,264	31,879 [3]	37,645 [4]	

[1] Increasingly we are asked to participate in national working groups with the legislative audit community to agree on guidelines for auditing and reporting on performance. Also, some of our specialized training is not available in province (e.g., pension and benefit plans, gaming and insurance areas.)

[2] Our plans also include travel for some of our students to attend sessions for the CA School of Business in Alberta. Saskatchewan does not always host all sessions.

[3] Some of our specialized training was available in province, which was not anticipated when we set the forecast.

[4] This is an estimate to March 31, 2009. The actual to October 31, 2008 is $28,495.

Senior Management Salaries

Annual salaries of senior management for the past five years and the percentage change from the previous year.

Annual salaries as at March 31:

Name	2004	2005	Percent Increase from 2004	2006	Percent Increase from 2005[1]	2007	Percent Increase from 2006[2]	2008	Percent Increase from 2007[3]
Wendel, G. F.	128,988	128,988	0.00%	149,176	15.65% [4]	153,735	3.06%	163,252	6.19%
Atkinson, B. R.	117,128	117,995	0.74%	123,949	5.05%	129,099	4.15%	138,778	7.50%
Ahmad, M.	105,062	105,062	0.00%	110,175	4.87%	117,790	6.91%	125,082	6.19%
Ferguson, J. D.	105,062	105,062	0.00%	110,175	4.87%	117,790	6.91%	125,082	6.19%
Heffernan, M. A.	105,062	105,062	0.00%	110,175	4.87%	117,790	6.91%	125,082	6.19%
Montgomery, E.	105,062	105,062	0.00%	110,175	4.87%	117,790	6.91%	125,082	6.19%

[1] The government granted salary increases to all out-of-scope public servants of 1% on July 1, 2005.

[2] The government granted salary increases to all out-of-scope public servants of 2.8% on July 1, 2006. In addition, the government increased the salaries for its classification plan for senior employees. We increased senior staff salaries by 4%.

[3] The government granted salary increases to all out-of-scope public servants of 6.1% on July 1, 2007.

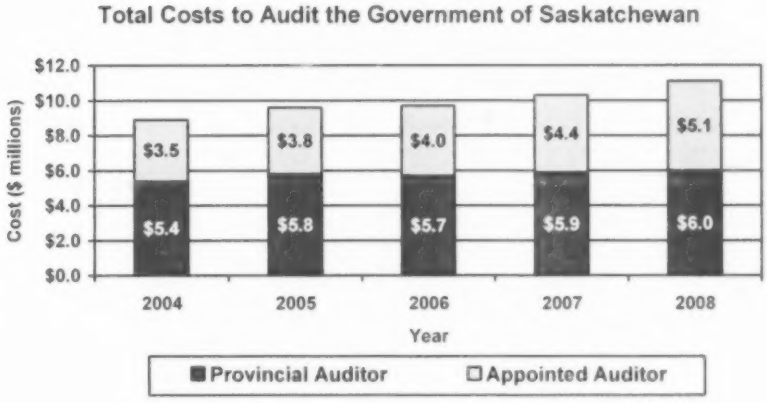
[4] The law states that the Provincial Auditor's salary is the average of the salaries paid to Deputy Ministers and the Provincial Auditor receives any economic adjustments that Deputy Ministers receive.

Total Costs to Audit Government Agencies

Following is a summary of the total costs to audit government agencies for the last five years.

Many of the 279 agencies that the government manages use appointed auditors. The Government has stated that it uses appointed auditors so the Saskatchewan public accounting industry can develop and retain local expertise. The Government is accountable for the costs of using appointed auditors and, therefore, our financial plan does not reflect these costs. However, our detailed work plans reflect the known use of appointed auditors because it affects our costs and the way we carry out our work. The use of appointed auditors reduces our costs but increases the total cost of auditing to taxpayers. It costs more to audit when there are two auditors.

	Costs ($ millions)		
Year	Provincial Auditor	Appointed Auditor	Total
2004	$ 5.4	$ 3.5	$ 8.9
2005	$ 5.8	$ 3.8	$ 9.6
2006	$ 5.7	$ 4.0	$ 9.7
2007	$ 5.9	$ 4.4	$10.3
2008	$ 6.0	$ 5.1	$11.1



Appendix I – Provincial Auditor's Estimates

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Provincial Auditor

Vote 28

The Office serves the people of Saskatchewan through the Legislative Assembly. The Office encourages accountability and effective management in government operations through its independent examinations, advice, and reports on the management of public resources entrusted to government.

Summary of Appropriation and Expense
(in thousands of dollars)

	Estimated 2009-10	Estimated 2008-09
Provincial Auditor	6,985	6,677
Unforeseen Expenses	463	438
Total Appropriation	7,448	7,115
Capital Asset Acquisitions	(61)	(58)
Capital Asset Amortization	72	69
Total Expense	7,459	7,126

Provincial Auditor

Vote 28 – Continued

(in thousands of dollars)

	Estimated 2009-10	Estimated 2008-09
Provincial Auditor (PA01)		
Provides for the audits of the administration of programs and activities of government ministries, health and education institutions, commissions, boards, and Crown corporations and for reporting the results of all audits annually to the Legislative Assembly and the public. It also provides assistance to the Standing Committees on Public Accounts and Crown and Central Agencies in its review of the Provincial Auditor's Report, the Public Accounts, and other reports.		
Allocations		
Provincial Auditor Operations	6,805	6,507
Provincial Auditor's Salary (Statutory)	180	170

Classification by Type	2009-10	2008-09		
Salaries	4,732	4,479		
Supplier and other Payments	2,192	2,140		
Capital Asset Acquisitions	61	58		
This subvote includes "Statutory" amounts. The amount "To Be Voted" is $6,805K.			6,985	6,677

Unforeseen Expenses (PA02)

Provides for unforeseen expenses pursuant to Section 10.1 of *The Provincial Auditor Act*.

Classification by Type	2009-10	2008-09		
Salaries	463	438		
			463	438

Amortization of Capital Assets

Accounts for the estimated annual consumption of the capital assets utilized by the Office of the Provincial Auditor. Amortization is calculated using the straight-line method based on the estimated useful life of the asset.

Categories of Amortization		
Office and Information Technology	72	69

Classification by Type	2009-10	2008-09		
Amortization	72	69		
Amortization is a non-voted, non-cash expense and is presented for information purposes only.			72	69